The Law Foundation of Ontario

PURPOSE

The Law Foundation of Ontario was established in 1974 under an amendment to the Law Society Act, as a corporation without share capital, to receive interest on monies held in lawyers' mixed trust accounts, the fund so established to be used for the purposes of legal education and legal research, legal aid and the establishment, maintenance and operation of law libraries. At least 75% of the net interest so received must be paid to the Ontario Legal Aid Fund established under the Legal Aid Act.

ADMINISTRATION

The Trustees of the Foundation are:
Appointed by the Attorney General for Ontario:
H. Donald Guthrie, Q.C. - Chairman
Blenus Wright, Q.C.
Appointed by The Law Society of Upper Canada:
P.B.C. Pepper, Q.C.
Brendan O'Brien, Q.C.
Donald H.L. Lamont, Q.C.
The other officers of the Foundation are:
David E. Crack, C.A. - Treasurer
Doreen Z. Howe - Secretary
John Gellner was Special Adviser to the Foundation during the period covered by this Report.

Clarkson Gordon are the auditors and the fiscal and reporting year of the Foundation is the calendar year.

APPLYING FOR A GRANT

Individuals or groups wishing to apply for a grant from the Foundation are invited to communicate with the Foundation's office to obtain more information and an application form. The completed form should provide as much information as possible about the programme for which funds are sought and applicants should satisfy themselves before submitting the application that their program fits the Foundation's statutory purposes described above.

A decision on each application is made by the Foundation's Trustees. The office of The Law Foundation of Ontario is located at Suite 207, 204 Richmond Street West, Toronto, Ontario M5V 1V6. Telephone (416) 598-1550.

During 1986, the Foundation received interest from lawyers' mixed trust accounts of $14,814,427 compared to $9,069,974 in 1985, an increase of 63.3%. The Foundation earned interest of $451,085 on its own investments. Expenses for the year were $226,343, resulting in an excess of total revenue over expenses of $15,038,729. The Reserve Account was increased by $400,000 bringing its total to $2,500,000.

The substantial increase in interest from lawyers' mixed trust accounts reflects a combination of increased economic activity and new arrangements made with the major chartered banks and some trust companies whereby interest is now calculated on the average daily balance in each account rather than on the minimum monthly balance.

As a result of the change to daily interest, the Foundation is in the process of computerizing its operations and will be redesigning the annual report which each lawyer files with the Foundation to conform to the new payment method.

The Ontario Legal Aid Plan gained considerable benefit from the increase in net revenue to the Foundation as the amount paid pursuant to the statute increased from $6,639,815 in 1985 to $10,941,062 in 1986. The amount paid to Legal Aid since the Foundation was established in 1974 totals $75,835,463 - a significant contribution.

Grants authorized by the Trustees during the year for the other stipulated purposes of the Foundation - legal education, legal research and law libraries - amounted to $3,173,473 compared to $2,406,635 in 1985. A detailed list of the grants appears on the following pages and shows the scope of the Foundation's funding activities.

Donald H.L. Lamont, Q.C., was appointed a Trustee of the Foundation by The Law Society of Upper Canada on June 27, 1986, following the resignation of Samuel Lerner, Q.C. earlier in the year.

Denis V. Burnett, Treasurer from 1974, resigned in August, 1986 upon his retirement.

Mary G. Brown, who joined the staff in 1974 and was promoted to Controller in July, 1981, retired in December, 1986.

John Gellner, Special Adviser, joined the Foundation in 1977 and retired in mid 1987.

The Trustees record the Foundation's appreciation for their many years of devoted service.

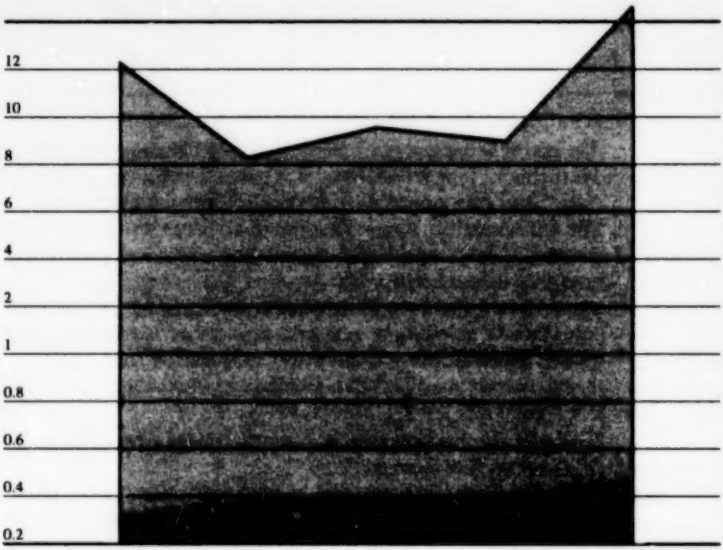
H. Donald Guthrie,
Chairman

July 15, 1987

Revenue

— *Revenue from interest on lawyer's mixed trust account*

– – *Revenue from investments and other income*

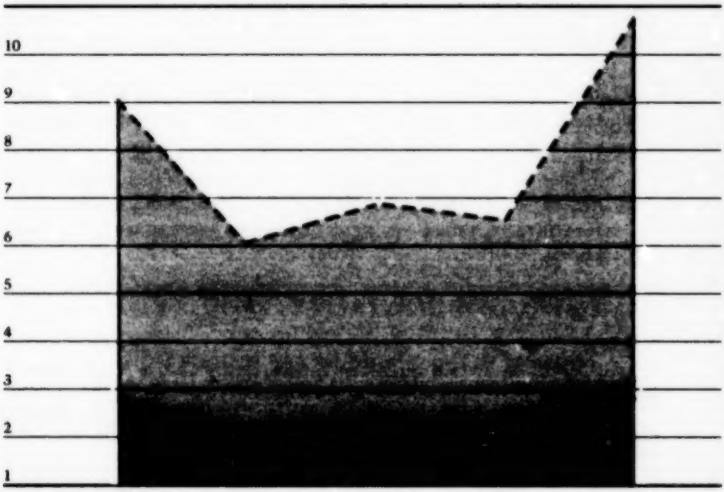


MILLIONS OF DOLLARS	1982	1983	1984	1985	1986
—	12,267	8,225	9,496	9,070	14,814
– –	0,325	0,290	0,373	0,384	0,451

Grants

— *Grants*

– – *Payments to Legal Aid*



MILLIONS OF DOLLARS	1982	1983	1984	1985	1986
—	2,884	2,290	2,418	2,407	3,173
– –	9,069	6,019	6,966	6,640	10,941

Grants Authorized during 1986

ASSOCIATION OF CANADIAN ARCHIVISTS To assist with costs of 1987 Annual Conference in Hamilton. Theme will be "Archives in the Information Age," and one panel will deal with "Information Law in the Information Age." The panel will review existing and proposed laws and legislation which affect the management of information. The review will involve an examination of freedom-of-information and privacy legislation, copyright law and computer law as they relate to the permanent preservation and use of information.	$ 1,000
CANADIAN BAR FOUNDATION To help the Foundation defray the costs of publishing the "Canadian Bar Review."	$ 36,000
CANADIAN ENVIRONMENTAL LAW ASSOCIATION To pay for a subscription to the "Environmental Law Reporter", a U.S. publication not otherwise available to this clinic.	$ 465
CANADIAN JOURNAL OF FAMILY LAW The Journal, edited by a University of British Columbia Faculty of Law Professor, encourages scholarly research and provides a platform for reports on and critical analysis of new developments in Family Law. This grant will help defray the costs of publishing two issues planned for 1987.	$ 2,000
CARLETON UNIVERSITY - DEPARTMENT OF LAW These grants are part of continuing funding provided to assist in the maintenance of the University's Law Resource Centre - a legal reference library and reading room.	$ 20,000 (1986) $ 25,000 (1987)
DALHOUSIE UNIVERSITY - FACULTY OF LAW To assist in the rebuilding and restoration of the Dalhousie Law Library. The library was severely damaged during the disastrous fire at the Weldon Law Building in August, 1985.	$150,000 over 3 years
EAST TORONTO COMMUNITY LEGAL SERVICES A one-time grant to enable this clinic to improve its law library.	$ 5,000

ELIZABETH FRY SOCIETY This grant represents further funding to help the Society with its work of classifying, cataloguing and organizing into research files many unpublished - and thus practically inaccessible - materials (such as occasional papers, briefs, monographs) in the field of women's criminality and correction services. The materials are available to the public and researchers through the Society's public library/resource centre.	$ 1,950
HAMILTON MOUNTAIN LEGAL & COMMUNITY SERVICES One-time only assistance in establishing a law library at this Clinic.	$ 3,500
INTERNATIONAL ASSOCIATION FOR PHILOSOPHY OF LAW AND SOCIAL HISTORY 1987 Annual Conference on theme "Legal Theory meets Legal Practice", University of Ottawa, May 15th and 16th	$ 5,000
LAW SCHOOLS Comprehensive grants for the academic year 1986/87	
Osgoode Hall Law School of York University	$ 231,250
University of Ottawa Law School	$ 185,000
Queen's University Law School	$ 185,000
University of Toronto Law School	$ 185,000
University of Western Ontario Law School	$ 185,000
University of Windsor Law School	$ 185,000
(To be used for legal education, legal research and law libraries)	$ 1,156,250
LAW SOCIETY OF UPPER CANADA *Bar Admission Course:*	
Administration and operation of 1986/87 Bar Admission Course	Maximum of $ 600,000
Financial & Placement Branch- Expansion of existing work study programme to allow for part-time employment of financially-needy Bar Admission Course students in Community Legal Clinics in Ontario.	$ 15,000
LAW SOCIETY OF UPPER CANADA *Libraries:*	
Operation and maintenance of the County & District Law Libraries	$ 500,000
Great Library Capital development project to upgrade the book collection of the Great Library	$ 37,500

General:

Dial-A-Law Program - Towards the increased costs of operating this province-wide programme and advertising the service in all regions — $ 50,000

Muniments & Memorabilia - To assist with the costs of establishing a museum in the existing Muniments and Memorabilia Room at Osgoode Hall. — $ 30,000

MORTON G. MITCHNICK — $ 2,000

To assist in preparing a comparative study of Labour Relations Legislation and Judicature with emphasis on the Canadian Charter of Rights and its effect on the trade union movement in Canada. The study will be published as a major article in a scholarly journal, such as the University of Toronto Law Journal and, ultimately, in a book.

HOWARD F. MORTON — $ 4,200

This grant will assist Mr. Morton, who is Director, Crown Law Office - Criminal, Ministry of the Attorney General, with preparations for a book on "Police Powers in Canada." The book will deal with the structure and organization of police forces in Canada; the duties, responsibilities, authority and powers of a police constable; investigative aids; the control of police procedures and practices and, finally, police powers and the Charter of Rights.

NEIGHBOURHOOD LEGAL SERVICES — $ 3,000

To assist in updating and reprinting two manuals of particular interest to lawyers dealing with administrative law matters - "Ontario Housing Corporation Tenant Advocates Manual" and "Social Assistance Manual."

NIPISSING LEGAL CLINIC — $ 1,858

A one-time grant to help establish a law library in this clinic.

THE OSGOODE SOCIETY — $ 63,450

This grant will help the Society to continue its program of research into and publication of historical and biographical material in the field of law.

PRISCILLA PLATT — $ 1,500

Mrs. Platt, called to the Bar in Ontario in 1977, has most recently acted as Crown Attorney in Youth Court in Toronto. This grant will help her in preparing the manuscript of a book, "When Kids Get in Trouble: A Guide to the Young Offenders Act." The book, as

outlined, will deal with the philosophy of current legislation, the role of the police, Youth Courts and their operating procedures, sentencing and records.

BARBRA SCHLIFER COMMEMORATIVE CLINIC — $ 5,000

This grant will help the clinic develop its programme of research into the needs of female victims of crime and, based on that research, to develop educational programs.

STEVEN SPETZ — $ 800

Since 1979, Mr. Spetz, a teacher at Bayridge Secondary School in Kingston, Ontario, has undertaken research for, published and distributed a monthly journal ("DECISIS") for use by Secondary School Teachers of Law. The Foundation has granted funds since that date to help defray the costs of subscriptions to law reports and to cover some of the out-of-pocket expenses not covered entirely by subscriptions. There is no similar publication available to teachers in Ontario.

UNIVERSITY OF SASKATCHEWAN NATIVE LAW CENTRE — $ 5,500

$ 15,000 over 3 years

The Centre is a national institution which provides a program of Legal Studies for Native People; maintains a library and resource centre accessible nationally through inter-library loans; conducts seminars on native law issues and carries on a considerable publications programme. The first $5,500 of the grant is to help the Centre defray operating costs.
The second grant, of $15,000 over 3 years, is to assist the Centre in its ambitious project of publishing of all court cases that have dealt with native issues. Three volumes, covering cases from 1763 to 1910 have already been published and the Centre is currently preparing six additional volumes to bring the collection up to 1978.

UNIVERSITY OF TORONTO - FACULTY OF LAW — $ 425,000 over 5 years

This grant represents a special contribution by the Foundation to the Bora Laskin Library Fund.

COUNTY OF YORK LAW ASSOCIATION — $ 2,500

To assist with the costs of publishing material relating to the history of the first 100 years of the Association.

Financial Statements

December 31, 1986

Auditors' Report

To the Trustees of The Law Foundation of Ontario:

We have examined the balance sheet of The Law Foundation of Ontario as at December 31, 1986 and the statement of revenue, expenses, grants and unallocated revenue for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at December 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 13, 1987.

Clarkson Gordon,
Chartered Accountants.

THE LAW FOUNDATION OF ONTARIO

(Incorporated without share capital under the Law Society Act)

Balance Sheet *December 31, 1986*

(with comparative figures at December 31, 1985)

ASSETS	1986	1985
Current:		
Cash	$ 507,844	$ 458,158
Bank term deposits	3,030,000	1,865,000
Marketable securities, at amortized cost (market value 1986 - $2,173,400; 1985 - $1,907,775)	2,102,103	1,859,794
Accrued interest on term deposits and marketable securities	114,355	59,468
TOTAL CURRENT ASSETS	5,754,302	4,242,420
Fixed:		
Furniture and fixtures	10,626	10,626
Less accumulated depreciation	6,928	6,004
	3,698	4,622
Leasehold improvements	3,895	
TOTAL FIXED ASSETS	7,593	4,622
	$ 5,761,895	$ 4,247,042

LIABILITIES		
Accrued charges	$ 22,724	$ 299,451
Due to Legal Aid Fund	791,062	439,815
Grants authorized but not paid (note 2)	1,550,000	1,074,000
Reserve account (note 3)	2,500,000	2,100,000
Unallocated revenue	898,109	333,776
	$ 5,761,895	$ 4,247,042

(See accompanying notes to financial statements)

Statement of Revenue, Expenses, Grants and *Unallocated* Revenue

for the year ended December 31, 1986
(with comparative figures for the year ended December 31, 1985)

Revenue:	1986	1985
Interest on lawyers' mixed trust accounts	$ 14,814,427	$ 9,069,974
Interest	451,085	380,048
Bond discount amortization	(817)	3,764
Other income	377	
Gain on sale of assets		517
	15,265,072	9,454,303
Expenses:		
Salaries	158,309	153,926
Legal and audit fees	6,750	5,250
Rent	22,649	20,603
Printing and office supplies	9,495	16,194
Other administrative	27,242	18,017
Depreciation and amortization	1,898	2,862
	226,343	216,852
Excess of revenue over expenses before the following	15,038,729	9,237,451
Allocation to Legal Aid Fund	10,941,062	6,639,815
Grants authorized net of reversal of grants authorized in prior years (note 2)	3,133,334	2,253,604
	14,074,396	8,893,419
Excess of revenue over expenses and grants for the year	964,333	344,032
Unallocated revenue, beginning of year	333,776	239,744
	1,298,109	583,776
Allocated to reserve account (note 3)	400,000	250,000
Unallocated revenue, end of year	$ 898,109	$ 333,776

(See accompanying notes to financial statements)

Notes to Financial Statements

December 31, 1986

1. ACCOUNTING POLICIES

(a) Interest on lawyers' mixed trust accounts is recorded in the Foundation's accounts when received.

(b) Interest on term deposits and marketable securities is recorded in the Foundation's accounts on the accrual basis.

(c) Pursuant to Section 55(3) of the Law Society Act (R.S.O. 1980, chapter 233), not less than 75% of the net revenue received in the year from interest on mixed trust accounts is to be paid to the Legal Aid Fund. Provision for the share of net revenue payable to the Legal Aid Fund is recorded annually in the Foundation's accounts.

(d) Grants for legal education, legal aid, legal research and law libraries are recorded in the Foundation's accounts in the year of authorization.

(e) Marketable securities are carried at cost net of applicable bond premium or discount amortization. Bond premiums and discounts are amortized on a straight-line basis over the period to maturity.

(f) Fixed assets are carried at cost less accumulated depreciation and amortization. Furniture and fixtures are depreciated on a declining balance basis at a rate of 20%. Leasehold improvements are amortized on a straight-line basis over the remaining term of the lease.

2. GRANTS AUTHORIZED

Grants authorized but not paid are as follows:

Grants authorized but not paid, beginning of year	$ 1,074,000
Grants authorized	3,173,473
Reversal of grants authorized in prior years	(40,139)
Return of unused portion of grants	5,404
Grants paid	(2,662,738)
Grants authorized but not paid, end of year	$ 1,550,000

Grants authorized but not paid at the end of 1986 include $600,000 (1985 - $570,000) which is the maximum which may become payable to The Law Society of Upper Canada in respect of the deficit of the Bar Admission course for the year ending June 30, 1987.

3. RESERVE

The Foundation has allocated revenues to a reserve account. The money is invested in marketable securities and is to be used to provide for the future distribution of revenue.

Details of the account are as follows:

	1986	1985
Reserve, beginning of year	$ 2,100,000	$ 1,850,000
Transfer from unallocated revenue	400,000	250,000
Reserve, end of year	$ 2,500,000	$ 2,100,000